AMEREN EXHIBIT NO. 16.0

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 00-0802

REBUTTAL TESTIMONY

OF

WILBON L. COOPER

Submitted On Behalf

Of

UNION ELECTRIC COMPANY

d/b/a AmerenUE

AND

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY

d/b/a AmerenCIPS

May 18, 2001

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1. Q. Please state your name and business address.

A. My name is Wilbon L. Cooper. My business address is 1901 Chouteau Avenue, St. Louis, Missouri 63103.

2. Q. By whom are you employed and in what capacity?

A. I am employed by Ameren Services Company as a Supervising Engineer in the Rate Engineering Department of the Ameren Corporate Planning Function.

3. Q. Are you the same Wilbon Cooper who submitted direct testimony on December 15, 2000 in this case?

A. Yes, I am.

4. Q. What is the purpose of your rebuttal testimony in this proceeding?

A. The purpose of my rebuttal testimony is to provide comments regarding the direct testimony filed by Illinois Commerce Commission staff witnesses, Mr. Mike Luth and Mr. Howard Haas, in the areas of cost of service and rate design.

COST OF SERVICE

5. Q. On pages 10-11 of Mr. Luth's testimony, he states that the Company's use of the zero intercept methodology for determining customer related costs charges "each customer class according to some complex, yet vague determination of how the system is available for their use." Do you agree with this comment by Mr. Luth?

A. No, I do not. Ameren's cost of service studies for both UE and CIPS were based on the zero-intercept cost allocation methodology, as described in the NARUC Electric Utility Cost Allocation Manual, which is a generally accepted method of distribution cost allocation that is widely used by utility, regulatory and consulting personnel within the electric utility industry. Its widespread use and acceptance in the industry indicates that it is neither complex nor vague.

6. Q. Did Mr. Luth consider a customer component as part of his distribution allocation methodology?

A. Yes, however, Mr. Luth's methodology considers only three distribution accounts (369-Services, 370-Meters, and 371-Installations on Customer Premises) to contain customer components. Additionally, Mr. Luth only includes distribution

O&M expenses for those same accounts that contain customer components. Page 90 of the NARUC Manual clearly states that Distribution Plant Accounts 364-370 involve demand and customer costs. In addition, pages 87 and 88 of the NARUC Manual contain tables which clearly indicate that eleven out of fourteen Distribution Plant Accounts 360-373, as well as fourteen of the nineteen Distribution O&M Accounts 580-598, are considered to contain a customer component by the NARUC organization. Accordingly, Mr. Luth's approach significantly understates the role of customer components.

7. Q. Please provide a real world example that demonstrates that in addition to the demand differences in the use of the distribution system, as discussed on page 10 of Mr. Luth's testimony, the number of customers served also affects the level and costs of distribution system required to be installed.

A. Yes. Consider two identical tracts of land, one occupied by an average size 200 home subdivision and the second occupied by an intermediate size commercial or industrial customer, both tracts having hourly peak demands of 1,000 kilowatts on a given day. The Company's investment and capacity in the primary voltage distribution lines to supply the electrical usage to each of these tracts of land is likely to be the same. However, in the case of the residential subdivision, the Company must extend its primary voltage distribution lines throughout the subdivision tract, in addition to installing multiple distribution transformers, secondary voltage lines and service lines, to reach each home. In the case of the non-residential customer, the same primary distribution line can serve this same

peak electrical use by only installing a meter for a primary voltage customer, or only a transformer and a meter for a secondary voltage customer. Since the total peak demands being served on each of these tracts are the same, this example clearly indicates that the number of customers being served by the Company's distribution system is a relevant factor in the total investment and allocation of the distribution system costs. It follows that an appropriate distribution cost allocation methodology used should and must consider a customer component as a part of its application.

8. Q. On page 12 of his testimony, Mr. Luth describes his use of overall operations and maintenance interclass revenue for the allocation of Administrative and General (A&G) expenses. Please comment?

A. The Company's witness, Mr. Gary Weiss, used a labor allocator to assign A&G expenses among the generation, transmission, and distribution functions in the jurisdictional studies filed in this case. Mr. Luth accepted the total A&G expenses that resulted from this jurisdictional allocation. Consistency would require that the distribution related A&G expenses determined based on said labor allocation should be allocated to the Company's customer classes using this same labor ratio approach. This labor ratio methodology was used by Company witness, Mr. Phil Difani, in the class cost of service studies filed as part of this case. The use of labor ratios to allocate distribution related A&G expenses to customer classes is commonly accepted as indicated on pages 106-107 of the NARUC ELECTRIC UTILITY COST ALLOCATION MANUAL.

9. Q. What is the effect of the Staff's use of an inconsistent allocation?

A. The Company has not quantified the effects of Staff's inconsistent allocation. However, absent additional data or cost studies to improve the accuracy of the labor ratio approach, as used in the jurisdictional studies, it follows that the same labor approach should be used in this Delivery Services case.

10. Q. Is there an inconsistency between Mr. Luth's allocation of A&G expenses in his class cost of service study and Staff's witness Mr. Lazare's allocation of A&G expenses in his cost of service study related to the calculation of the Single Bill Option (SBO) credit?

A. Yes, Mr. Luth advocates and uses "overall operations and maintenance expense interclass revenue" for allocating A&G, while Mr. Lazare uses the Company's recommended labor ratio approach. The use of different methodologies for allocation of A&G expenses by members of the Staff in the same docket is not appropriate. Neither Mr. Luth nor Mr. Lazare provide any explanation for this difference.

11. Q. On page 16 of his testimony, Mr. Luth requested that the Company provide and adequately support new meter charges in its rebuttal testimony. Is the Company providing a metering cost of service study and resultant meter charges as part of its rebuttal testimony in this case?

A. Yes, the metering study and associated meter charges by class are contained in the rebuttal testimony of Mr. Phil Difani.

Rider SG

12. Q. Staff witness, Mr. Howard Haas, recommends that the Commission reject the Company's proposed Rider SG - Self-Generation. Why did the Company propose Rider SG?

A. As stated in my direct testimony, Rider SG is proposed to compensate the Company for its investment in transmission and distribution facilities that must be installed, and are standing by, to provide delivery services to customers when their generation is not operating. In essence, the Company's system provides a back-up or insurance for customers who rely on self-generation.

13. Q. On page 2 of his testimony, Mr. Haas states that he is recommending the removal of the company's Rider SG based on his contentions that 1) it imposes costs that are not justified on self-generation customers, 2) it discourages economically justifiable self-generation, and 3) it penalizes self-generating customers for any system–wide benefits they can provide. Please comment.

A. First, Rider SG's proposed charges do not impose on self-generation customers any costs that are not justified. A self-generation customer with total connected load equal to that of a customer without self-generation requires and should pay the same transmission and distribution costs as the customer without self-generation, because the self-generation customer places the same planning burden

on the Company as do other customers. Practically speaking, the Company's level of investment in transmission and distribution facilities to provide, or be prepared to provide, delivery services to these customers is the same. As stated in my direct testimony in this case, if self-generation customers want to avoid this charge, they can simply isolate their load served by their generation so that it does not impose any demand on the Company's facilities in the event a customer's generation is not running.

Second, the Company's proposal does not, and is not intended to, encourage or discourage "economically" justifiable self-generation. To the contrary, the Company's proposal is intended to recover the Company's transmission- and distribution-related costs of backing up the load that is served by a customer's self-generation equipment, but that is not isolated from the Company's distribution system. To do otherwise would result in the delivery costs of self-generation customers being borne by other customers.

Third, the Company's proposal does not, and is not intended to, penalize or reward customers with self-generation, but merely attempts to recover transmission and distribution costs in a cost-causative fashion. Mr. Haas mentions system-wide benefits provided by self-generation, but does not quantify any of these purported benefits. As such, there is no justification for any variation from the Company's proposal for full cost recovery from self-generation customers. The Company's cost of providing delivery service does not change in accordance with whether the customer has generation.

14. Q. Could you provide a simple example to illustrate the points raised above?

A. Yes, consider the following hypothetical: A utility has constructed comparable transmission and distribution facilities to two customers with a load of 1,000 kilowatts each (2,000 kilowatts total). Customer A has no self-generation, while Customer B has self-generation that is being run all the time to serve the 1,000 kilowatts of load, but not isolated from the Company's distribution system. The revenue requirement associated with the transmission and distribution system in place to serve the 2,000 kilowatts of loads is $6,000 per month ($3.00/kW-month).

Under Mr. Haas' approach, Customer A would be responsible for the full $6,000 of monthly charges although the Utility's revenue requirement associated with serving his load would only be half ($3,000). Customer B, while requiring the same investment in transmission and distribution facilities, would pay nothing unless his generation were to be taken off–line in a particular month. This approach creates a $3,000 subsidy to be paid by Customer A for costs for which Customer B should be responsible.

Under the Company's proposed Rider SG, Customer A and Customer B would equitably pay $3,000 per month each. This approach, while not encouraging or discouraging self-generation, equitably recovers the Company's transmission and distribution costs from both Customer A and Customer B. The Company could not provide backup service to Customer B without the construction of the transmission and distribution facilities or provide standard

service to Customer A without construction of comparable facilities. This proposal clearly does not discriminate against Customer A or Customer B.

15. Q. On pages 8-9 of Mr. Haas' testimony, he discusses the use of coincident or diversified demand for utility system design. Please comment.

A. Mr. Haas' statements are correct to a great degree with the regard to the design and construction of the Company's production/generation and transmission systems. However, this case involves Delivery Services and, as such, this coincidence/diversity of loads must be examined with respect to the design and construction of the Company's distribution system. The Company's lower voltage distribution facilities, from a design and operational perspective, are and must be installed to meet localized area customer peak demands, regardless of when they occur. These installations reflect that diversity of demands at the localized distribution level is not as significant as it is at the generation and transmission levels and, additionally, that loads on one part of the distribution network are totally independent of loads on another segregated part of that same network. The Company's proposal to charge full distribution costs to self-generation customers for non-isolated load served by their generation fully recognizes the design and operation of its distribution system, while Mr. Haas' proposal does not. Mr. Haas' diversity/coincident demand considerations would be somewhat relevant if the Company had significant self-generation on a localized section of its distribution network, however such is not the case.

16. Q. Can you provide a simple illustration of the designing of a portion of the Company's localized distribution system that does not consider diversified or coincident customer demands among customers?

A. Yes, customers with self-generation typically tend to have large load requirements, i.e. greater than 100 kilowatts (at separate premises). The Company usually serves these customers with dedicated transformers, services and meters. These transformers, services, and meters must be sized without any consideration whatsoever of coincident or diversified loads of any other customers on the system. While this example is fairly simple, there is no rational argument that the system benefits of diversified customer demands, as stated by Mr. Haas, diminish as you get closer to an individual customer's premises. Rather, it is this individual customer diversity which drives the need for the Company to design more individualized capacity requirements into the distribution system components which are closest to the customer's premises.

17. Q. What would be the overall effect of Mr. Haas proposal?

A. Mr. Haas' proposal would shift costs associated with providing transmission and distribution delivery service to self-generation customers to all of the Company's remaining customers. Such shifting would be unduly discriminatory and inequitable. Just as the cost of delivery service is the same for customers receiving their power from a RES or via the Company's PPO, generation customers connected to the same delivery system should pay the same charges for that system.

In summary, the Company does not believe that it should encourage or reward self-generation in a way that would create cost subsidies by customers without self-generation.

18. Q. Does the Company oppose self-generation facilities?

A. No , it does not. As indicated above, the Company's interests are in a fair and equitable recovery of its delivery costs from each of its customer classes. Again, it is not the Company's intent to alter the economics of self-generation. The Company's only intent is to implement cost-causation and recovery principles. The Company recognizes that, if self-generation customers are obligated to pay costs that they cause, self-generation may not be as attractive as would be the case if they could avoid those costs and get what amounts to free insurance. This does not indicate any problem with the Company's proposal. Rather, it suggests that failure to adopt the Company's proposal would create a false incentive for customers to self-generate, at the expense of those who do not.

19. Q. Does this conclude your rebuttal testimony?

A. Yes, it does.